

## Message Text

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16

ACTION L-03

INFO OCT-01 AF-10 ADP-00 AID-20 EA-11 EB-11 IGA-02 INR-10

RSR-01 RSC-01 /070 W

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R 180500 Z JUN 73

FM AMEMBASSY MOGADISCIO

TO SECSTATE WASHDC 945

INFO AMEMBASSY NAIROBI

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FOR DEPT AND AID

NAIROBI FOR REDSO

E. O. 11652: N/ A

TAGS: EAID OGEN SO US

SUBJECT: AMELCO

REF: STATE 116098

1. I GREATLY APPRECIATE DEPARTMENT AND AID EFFORTS TO HELP CLARIFY SCB- BANK OF HAWAII PROBLEM. CONTENTS REFTEL DISCUSSED IN DETAIL WITH SCB GENERAL MANAGER , WHO MADE STRONG COUNTER- ARGUMENTS TO BANK OF HAWAII CONTENTIONS.

2. RE QUESTION OF LATE PRESENTATION: SCB CABLED BANK OF HAWAII ON MAY 15 ( WITH SUPPOSEDLY 16 HOUR LEAD TIME) STATING THAT DRAFTS ON L/ C' S MAILED THAT DAY REPRESENTING UNPAID AMELCO INDEBTEDNESS AND REQUESTING THAT SCB' S ACCOUNT AT IRVING TRUST BE CREDITED ON RECEIPT OF DRAFTS.

3. SCB GENERAL MANAGER POINTS OUT THAT ( CONTRARY TO PRACTICE APPLYING TO COMMERCIAL TRANSACTIONS) SINCE AMELCO HAD CURRENT ACCOUNT WITH SCB ( WHICH COULD NOT LEGALLY BE CLOSED PRIOR TO MORNING MAY 15) IT WAS HARDLY POSSIBLE CERTIFY PRIOR MAY 15 WHAT AMELCO' S INDEBTEDNESS WAS ON THAT DAY. THUS, IF BANK OF HAWAII MAINTAINS THAT

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SCB SHOULD HAVE MAILED DRAFT PRIOR MAY 15 IN ORDER TO ARRIVE HAWAII ON THAT DATE, SCB WOULD HAVE HAD TO ISSUE FRAUDULENT CERTIFICATION OF AMELCO'S INDEBTEDNESS ON THAT DATE. IN FACT, LAST TRANSACTION ON ACCOUNT WAS ON MAY 13. GENERAL MANAGER ALSO POINTS OUT THAT SCB HAD OFFERED TO CLOSE ACCOUNT FORTY- FIVE DAYS EARLIER IN ORDER TO SAVE AMELCO INTEREST BUT THAT BANK OF HAWAII MERELY REPLIED IT WAS REFERRING TO AMELCO AND GAVE NO FURTHER RESPONSE.

4. BOTH SCB AND EMBASSY STILL IN DARK ABOUT ALLEGED DEFECT IN DRAFT ITSELF. REFERENCE IN PARA 1 REFTEL TO QUOTE SWORN STATEMENT UNQUOTE DOES NOT CORRESPOND TO L/ C WHICH CALLS ONLY FOR SIGNED STATEMENT. SCB MAINTAINS THAT CERTIFICATION ON DRAFT CORRESPONDED TO THAT REQUIRED BY L/ C AND FURTHER STATES THAT IN NORMAL BANKING PRACTICE OPENING BANK ( BANK OF HAWAII) OBLIGATED ADVISE NEGOTIATING BANK ( SCB) OF ANY MINOR FLAW IN CERTIFICATION, WHICH WOULD THEN BE CORRECTED, BUT THAT OPENING BANK DID NOT HAVE RIGHT TO DISHONOR DRAFT.

5. IN SUM, SCB INSISTS IT FOLLOWED PROPER AND NORMAL BANKING PROCEDURES INDENTICAL WITH HUNDREDS OF OTHER TRANSACTIONS IT HAS HAD WITH BANKS IN MANY COUNTRIES, INCLUDING US.

6. WE STRONGLY URGED SCB GENERAL MANAGER CONSULT WITH WASHINGTON LAW FIRM. BANK APPRECIATES THIS ADVICE, BUT STILL HESITANT BECAUSE OF LIKELIHOOD OF WOPPING FEES AND HOPE THAT WHAT SEEMS TO THEM VERY CLEAR CUT ISSUE MAY YET BE STRAIGHTENED OUT AMICABLY.

7. COMMENT: THERE IS OBVIOUSLY STILL LARGE AREA OF MISUNDERSTANDING AND I WOULD GREATLY APPRECIATE COMMENTS ON FOREGOING FROM PERSONS REFERRED TO PARA 3 REFTEL, AND FURTHER CONTACT WITH BANK OF HAWAII AS BASIS FOR FURTHER DISCUSSIONS SCB. SCB IS KEY FINANCIAL INSTITUTION IN SOMALIA AND GOOD RELATIONS WITH IT ARE VERY IMPORTANT TO US RELATIONS WITH THIS COUNTRY.

8. ADDITIONAL COPIES ORIGINAL L/ C POUCHED TODAY FOR L/ AF AND AID/ W, ATTENTION MR. KNOLL.  
LOORAM

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NNNNMAFVVZCZ

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\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 JUN 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Executive Order:** n/a  
**Errors:** n/a  
**Film Number:** n/a  
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**Line Count:** 107  
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**Office:** ACTION L  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 73 STATE 116098  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 JAN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <09-Jan-2002 by martinjw>; APPROVED <29-Jan-2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> jms 980212  
**Subject:** AMELCO  
**TAGS:** EAID, OGEN, SO, US  
**To:** L  
NAIROBI  
SECSTATE WASHDC  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005